

APR 06 2005

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

001

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ML-47782	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: The Houston Exploration Company		9. WELL NAME and NUMBER: Southman Canyon 13-36-9-23	
3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 200 CITY Houston STATE TX ZIP 77002		PHONE NUMBER: (713) 830-6800	10. FIELD AND POOL, OR WILDCAT: Natural Buttes
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 467' FSL & 823' FWL 646752X 39.986440 AT PROPOSED PRODUCING ZONE: same as above 4427457Y 109.281216		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 36 9S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 50.2 miles South of Vernal, UT		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 467'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1000' +/-	19. PROPOSED DEPTH: 8,180	20. BOND DESCRIPTION: 104155044	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5363.3' GR	22. APPROXIMATE DATE WORK WILL START: 4/30/2005	23. ESTIMATED DURATION: 30 Days	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
11"	8 5/8 J-55 36#	2,000	Premium Lite II 250 SKS 3.38 CF 11.0 PPG
			Class "G" 329 SKS 1.2 CF 15.6 PPG
			Calcium Chloride 200 SKS 1.10 CF 15.6 PPG
7 7/8	4 1/2 N-80 11.6#	8,165	Premium Lite II 200 SKS 3.3 CF 14.3 PPG

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) William A Ryan TITLE Agent

SIGNATURE *William A Ryan* DATE 3/25/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-047-36532

Approved by the
Utah Division of
Oil, Gas and Mining
APPROVAL:

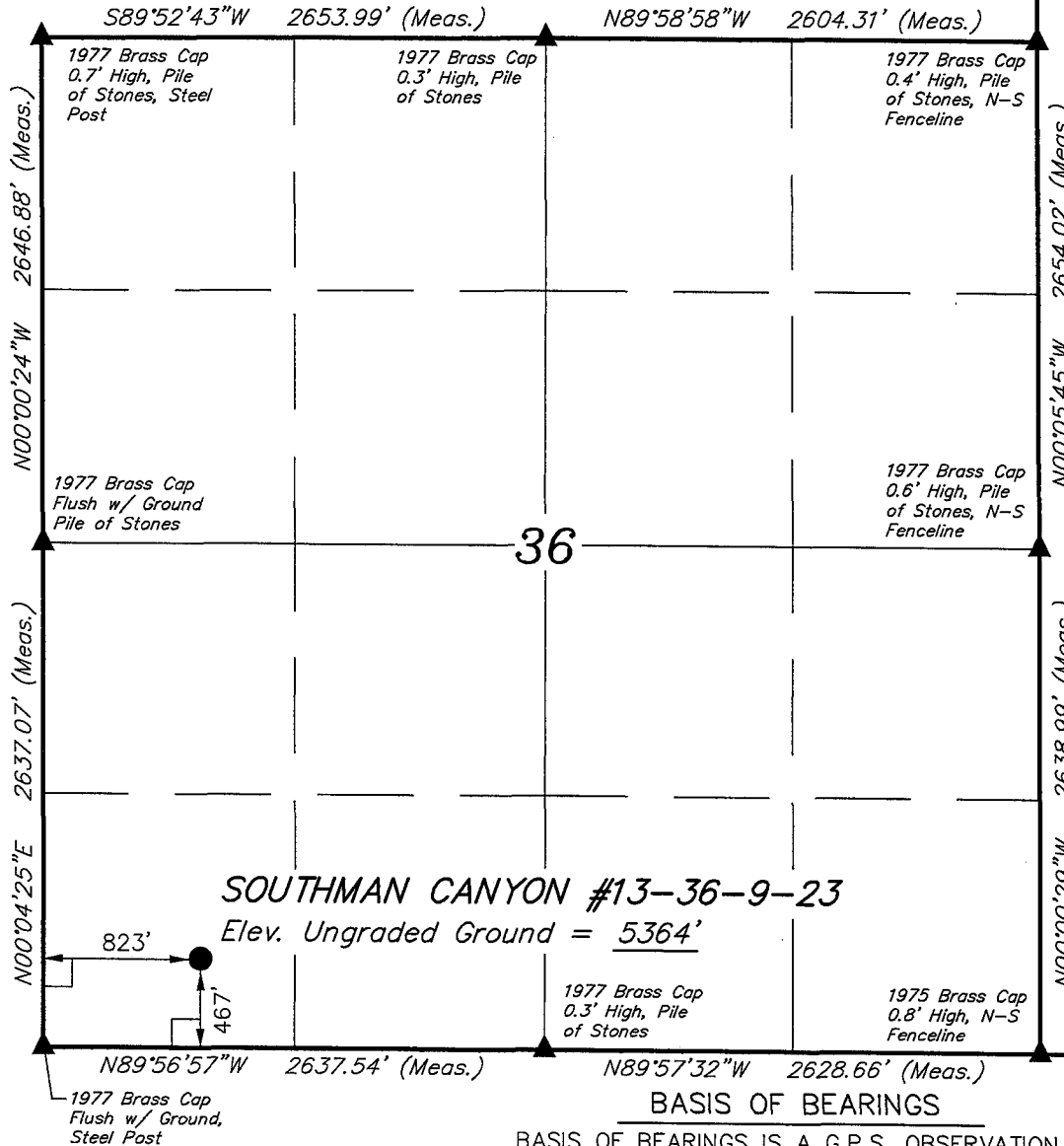
Date: 05-10-05
By: *[Signature]*

CONFIDENTIAL

T9S, R23E, S.L.B.&M.

R
23
E

R
24
E

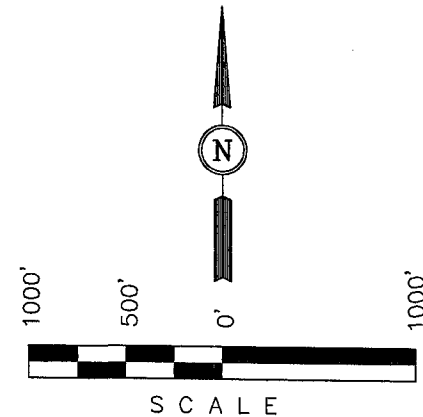


THE HOUSTON EXPLORATION COMPANY

Well location, SOUTHMAN CANYON #13-36-9-23, located as shown in the SW 1/4 SW 1/4 of Section 36, T9S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK (54EAM) LOCATED IN THE NW 1/4 OF SECTION 14, T9S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH SE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5031 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
No. 161319
ROBERT J. KAY
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)

LATITUDE = 39°59'11.43" (39.986508)

LONGITUDE = 109°16'54.75" (109.281875)

(AUTONOMOUS NAD 27)

LATITUDE = 39°59'11.55" (39.986542)

LONGITUDE = 109°16'52.32" (109.281200)

BASIS OF BEARINGS

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 02-04-05	DATE DRAWN: 02-07-05
PARTY J.W. S.W. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE THE HOUSTON EXPLORATION COMPANY	

002

The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002
713-830-6800

RECEIVED
APR 06 2005
DIV. OF OIL, GAS & MINING

Please hold all information associated with this Application for Permit to Drill and all associated logs confidential for a minimum of six (6) months.

Ten Point Plan**The Houston Exploration Company****Southman Canyon #13-36-9-23****Surface Location SW ¼ SW ¼, Section 36, T. 9S., R. 23E.****1. Surface Formation**

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+5,363' G.L.
Uteland Butte Limestone	3,993	+1,370'
Wasatch	4,096	+1,267'
Mesaverda	5,830	-467'
Buck Tounge	8,129	-2,766'
Castlegate	8,199	-2,836'
TD	8,180	-2,817'

A 11" hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. Producing Formation Depth:

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information

Off set well: Permitted/Drilled: Southman Canyon #1-36-9-23,
Southman Canyon #3-36-9-23, Southman Canyon #5-36-9-23,
Southman Canyon #7-36-9-23, Southman Canyon #9-36-9-23
Southman Canyon #11-36-9-23 Southman Canyon #15-36-9-23

Producing Wells: Southman Canyon #4D-36, Bonanza #1023-2A

Shut in Wells: Southman Canyon #2D-36, Southman Canyon #10D-36,
Southman Canyon #12D-36, Southman Canyon #16C-36
Southman Canyon #6D-36, PF #1-1

4. Proposed Casing:

<u>Hole</u> <u>Size</u>	<u>Casing</u> <u>Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling</u> <u>& Tread</u>	<u>Casing</u> <u>Depth</u>	<u>New/Used</u>
11	8 5/8	36#	J-55	STC	2000	NEW
7 7/8	4 1/2	11.6#	N-80	LTC	T.D.	NEW

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing</u> <u>Size</u>	<u>Cement</u> <u>Type</u>	<u>Cement</u> <u>Amounts</u>	<u>Cement</u> <u>Yield</u>	<u>Cement</u> <u>Weight</u>
Lead:	8 5/8	Premium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasilicate 3% Potassium Chloride	250 sks. +/-	3.38ft ³ /sk	11.0 ppg
Tail:	8 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft ³ /sk	15.6 ppg
Top Job:	8 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft ³ /sk	15.6 ppg

Production casing will be cemented to 2,500' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	Premium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chloride .055 gps FP-6L 10% Bentonite .5 Sodium Metasilicate	200 sks +/-	3.3ft ³ /sk	11.0 ppg
Tail:	4 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	400 sks +/-	1.56ft ³ /sk	14.3 ppg

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Clear Water	-----	No Control	Water/Gel
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.
- d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

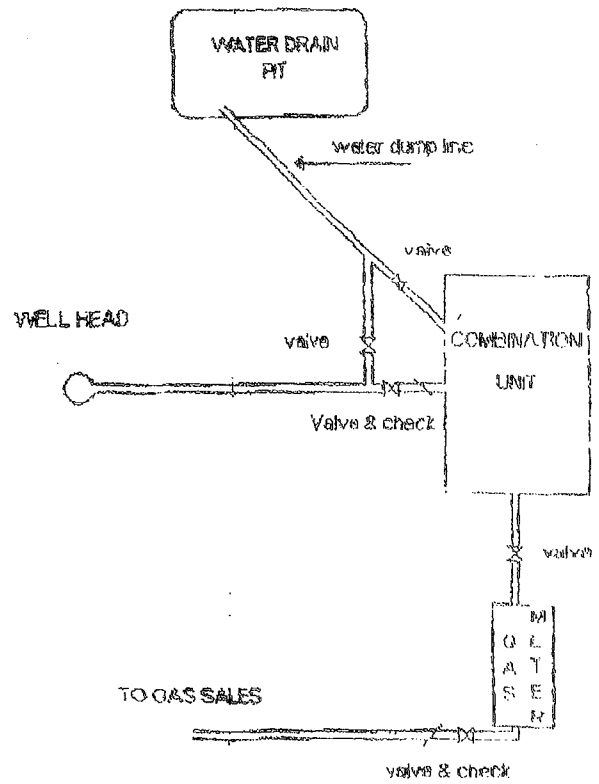
9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

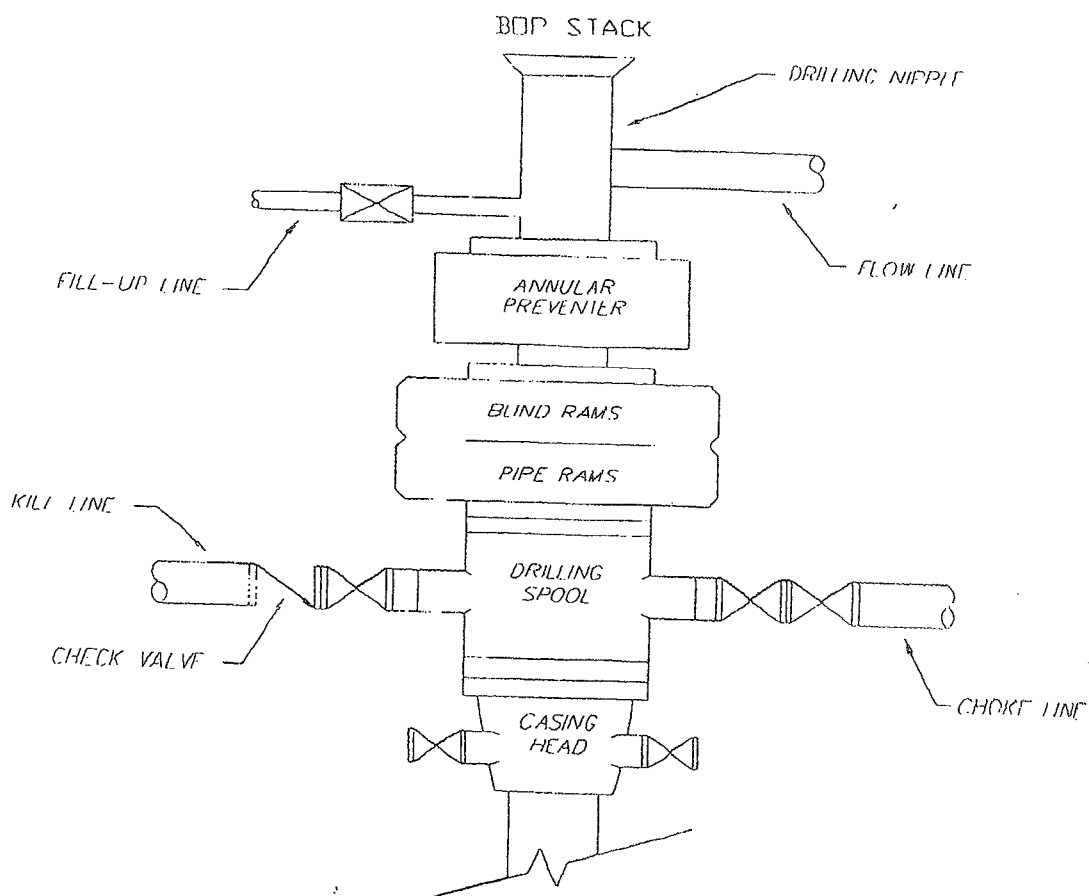
The anticipated starting date is 04/30/05. Duration of operations is expected to be 30 days.

TYPICAL
GAS WELL

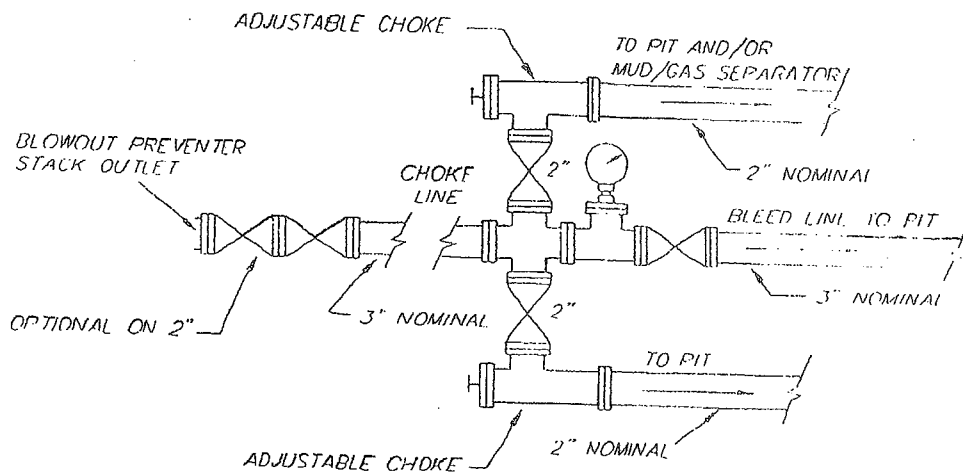


THE HOUSTON EXPLORATION COMPANY

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKE MANIFOLD SCHEMATIC



THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

SOUTHMAN CANYON 13-36-9-23

LOCATED IN SW $\frac{1}{4}$ SW $\frac{1}{4}$

SECTION 36, T. 9S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-⁴⁷⁷⁸²~~74482~~

SURFACE OWNERSHIP: STATE

1. Existing Roads:

To reach The Houston Exploration Co well Southman Canyon 15-36-9-23 in Section 36, T9S, R 23E, starting in Vernal, Utah.

Proceed in a easterly, then southerly direction from Vernal, Utah along US Highway 40 approximately 3.9 miles to the junction of State Highway 45; exit right and proceed in a southerly, direction approximately 36.6 miles to the junction of this road and an existing road to the west; turn right and proceed in a westerly, then northwesterly direction approximately 4.4 miles to the junction of this road and an existing road to the south; turn left and proceed in a southerly, then southeasterly direction approximately 4.5 miles to the junction of this road and an existing road to the north; turn right and proceed in a northerly direction approximately 0.7 miles to the beginning of the proposed access to the west; follow road flags in a westerly direction approximately 0.1 miles to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately **50.2 miles**.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 528' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	528 ft
B) Right of Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	State
L) All new construction on lease	Yes
M) Pipe line crossing	None

Please see the attached location plat for additional details.

An off lease right of way will not be required.

All surface disturbances for the road and location will not be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well

Southman Canyon 4D-36

B#1023-2A

B) Water well

None

C) Abandoned well

None

D) Temp. abandoned well

None

E) Disposal well

None

F) Drilling /Permitted well

Southman Canyon 3-36-9-23

Southman Canyon 5-36-9-23

Southman Canyon 7-36-9-23

Southman Canyon 9-36-9-23

Southman Canyon 11-36-9-23

Southman Canyon 15-36-9-23

G) Shut in wells

Southman Canyon 2D-36

Southman Canyon 6D-36

Southman Canyon 10D-36

Southman Canyon 16C-36

Southman Canyon 12D-36

PF #1-1

H) Injection well

None

I) Monitoring or observation well

None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be

painted a Desert Tan color.

Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Desert Tan.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 680' +/- of 3" gathering line would be constructed on State Lands. The line would tie into the existing pipeline in Sec. 36, T9S, R23E. The line will be strung and boomed to the north and east of the access road and location.

An off lease right of way will not be required.

Please see the attached location diagrams for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down

from the wellhead to the meter.
Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter.

The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from the White River at the Bonanza Bridge, Permit # T-75376.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 345 ft.
- B) Pad width 245 ft.
- C) Pit depth 12 ft.
- D) Pit length 150 ft.
- E) Pit width 75 ft.
- F) Max cut 18.7 ft.
- G) Max fill 8.5 ft
- H) Total cut yds. 8,850 cu yds.
- I) Pit location east side
- J) Top soil location north end
- K) Access road location east end
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall

be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,690 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling

and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

**To be determined by the
Authorized Officer.**

11. Surface ownership:

Access road	State
Location	State
Pipe line	State

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the White River located 2 miles to the South.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion
Prior to moving on the drilling rig.

- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit outside the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
290 S 800 E
Rocky Mountain Consulting
Vernal, UT 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston Exploration Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.



William A. Ryan, Agent
Rocky Mountain Consulting

Onsite Dates:

Date 3/25/05

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for The Houston Exploration Company
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax

THE HOUSTON EXPLORATION COMPANY

SOUTHMAN CANYON #13-36-9-23

LOCATED IN UINTAH COUNTY, UTAH
SECTION 36, T9S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHWESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

02 08 05
MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: C.P.

REVISED: 00-00-00

FIGURE #1

SOUTHMAN CANYON #13-36-9-23

467' FSL 823' FWL

F-8.5
El. 54.8'

Sta. 3+45

Existing
Drainage

Round Corners
as needed

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

$$F-1.1'$$

$$FL\ 62.2'$$

C-3.8'
El. 67.1'

C-1.6'
El. 64.9'

C-0.5'
El. 63.8'

F-2.5'
FL 60.8'

Sta. 1+65

El. 68.6'
C-17.3'
(btm. pit)

El. 70.0'
C-18.7'
(btrn. pit)

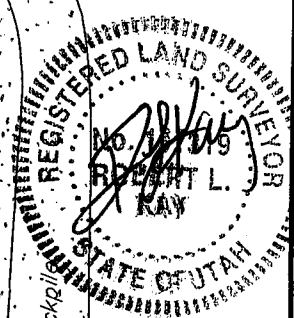
Approx.
Top of
Cut Slope

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5636.8'

FINISHED GRADE ELEV. AT LOC. STAKE = 5363.3'

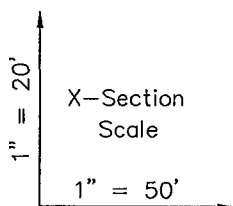
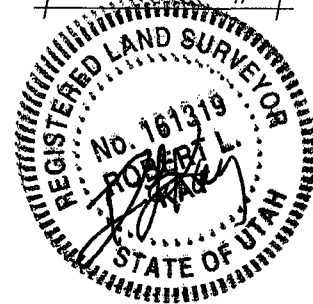
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



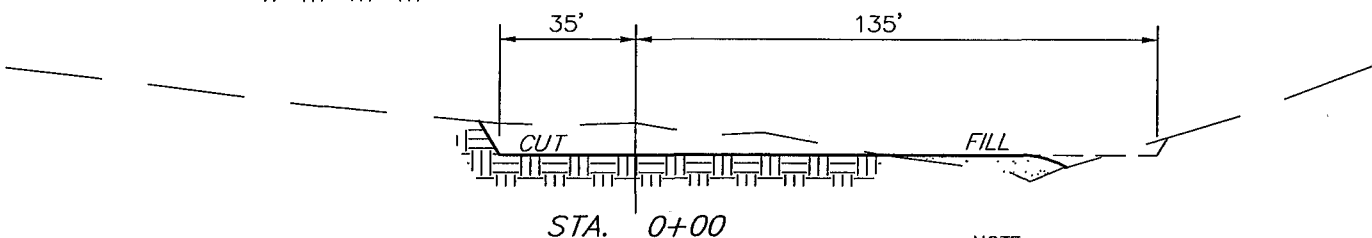
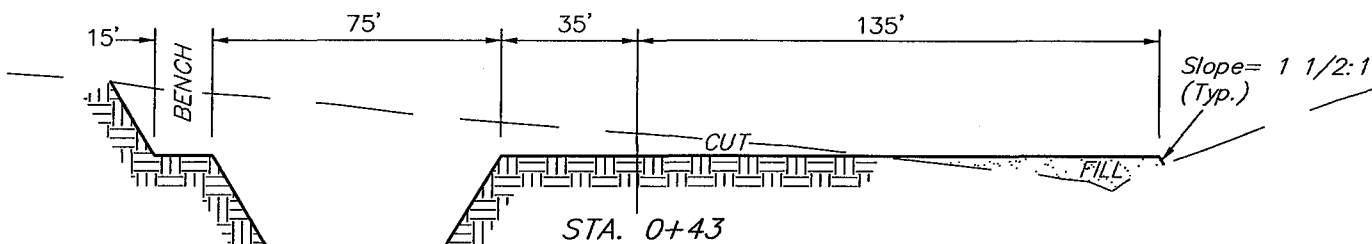
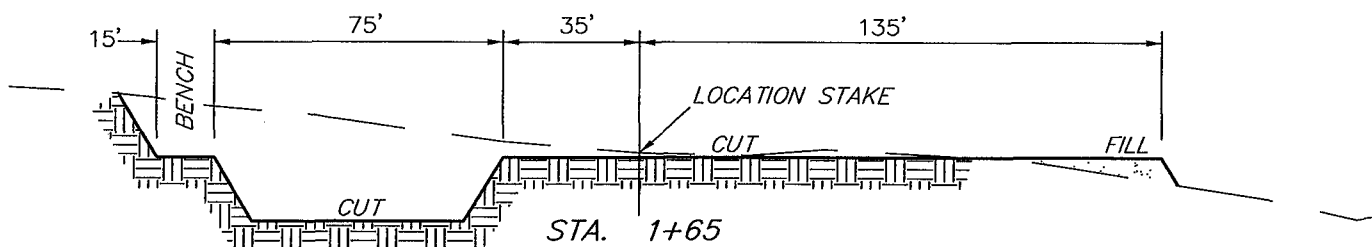
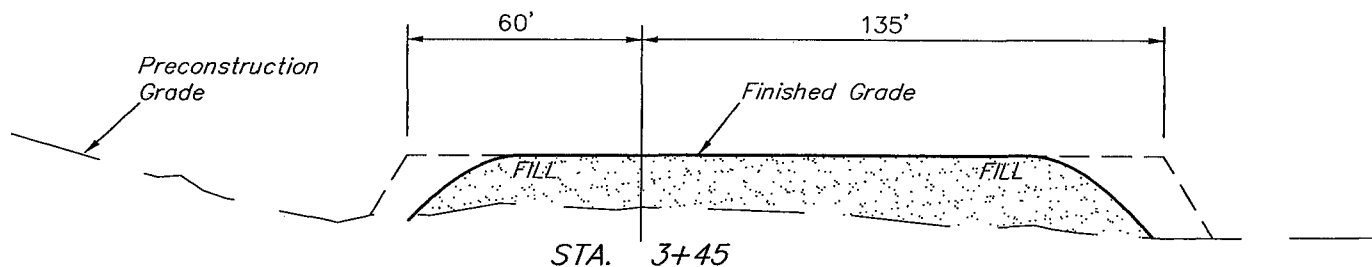
THE HOUSTON EXPLORATION COMPANY

FIGURE #2

TYPICAL CROSS SECTIONS FOR
SOUTHMAN CANYON #13-36-9-23
SECTION 36, T9S, R23E, S.L.B.&M.
467' FSL 823' FWL



DATE: 02-07-05
Drawn By: P.M.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

NOTE:
Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

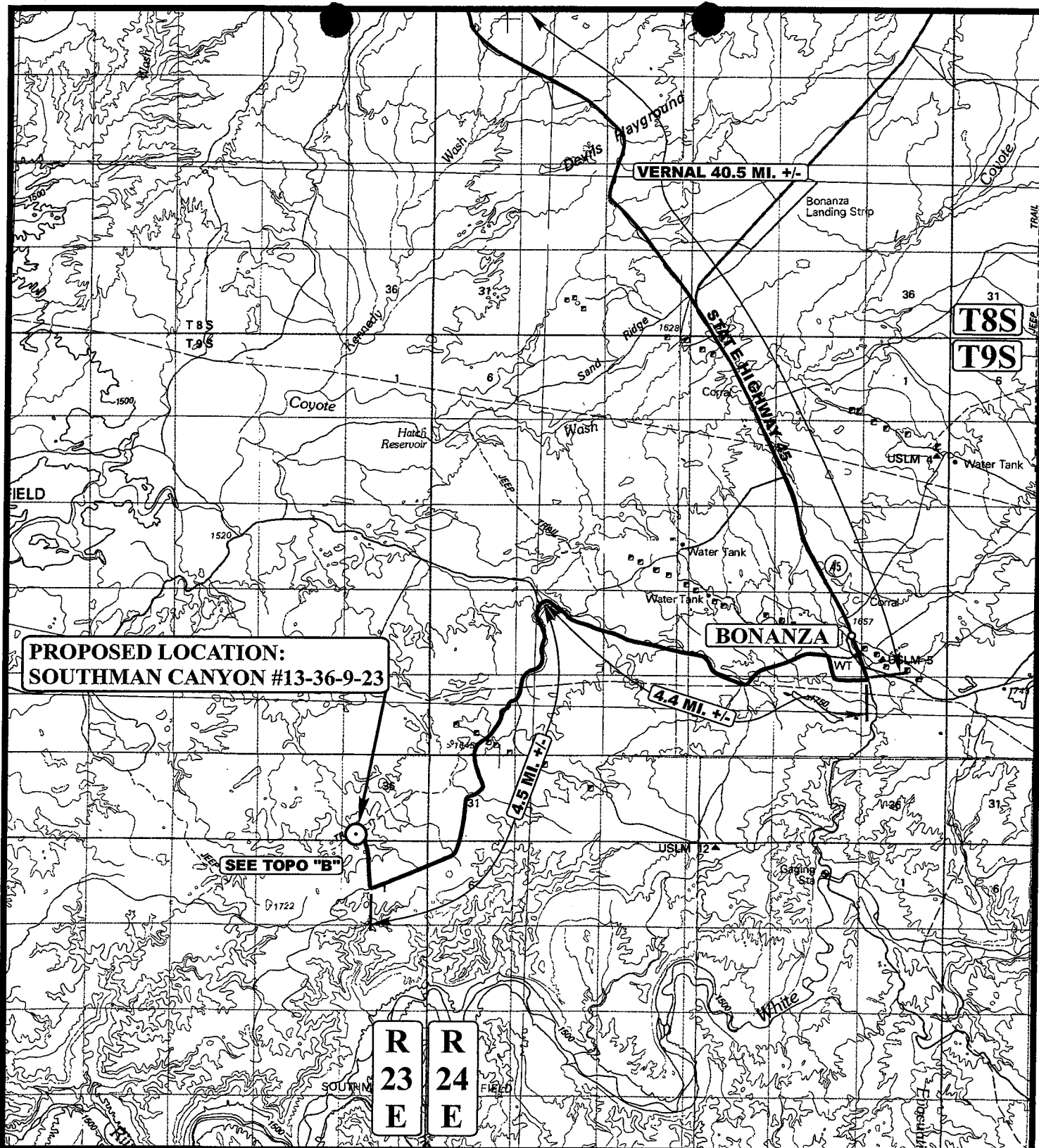
APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,690 Cu. Yds.
Remaining Location = 7,160 Cu. Yds.

TOTAL CUT = 8,850 CU.YDS.
FILL = 5,470 CU.YDS.

EXCESS MATERIAL = 3,380 Cu. Yds.
Topsoil & Pit Backfill = 3,380 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION

N

THE HOUSTON EXPLORATION COMPANY

SOUTHMAN CANYON #13-36-9-23

SECTION 36, T9S, R23E, S.L.B.&M.

467' FSL 823' FWL



Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

02 08 05
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

————— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD



THE HOUSTON EXPLORATION COMPANY

SOUTHMAN CANYON #13-36-9-23
SECTION 36, T9S, R23E, S.L.B.&M.
467' FSL 823' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

02	08	05
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

B
TOPO



LEGEND:

- | | |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS | ○ WATER WELLS |
| ● PRODUCING WELLS | ● ABANDONED WELLS |
| ● SHUT IN WELLS | ● TEMPORARILY ABANDONED |

THE HOUSTON EXPLORATION COMPANY

SOUTHMAN CANYON #13-36-9-23
SECTION 36, T9S, R23E, S.L.B.&M.
467' FSL 823' FWL



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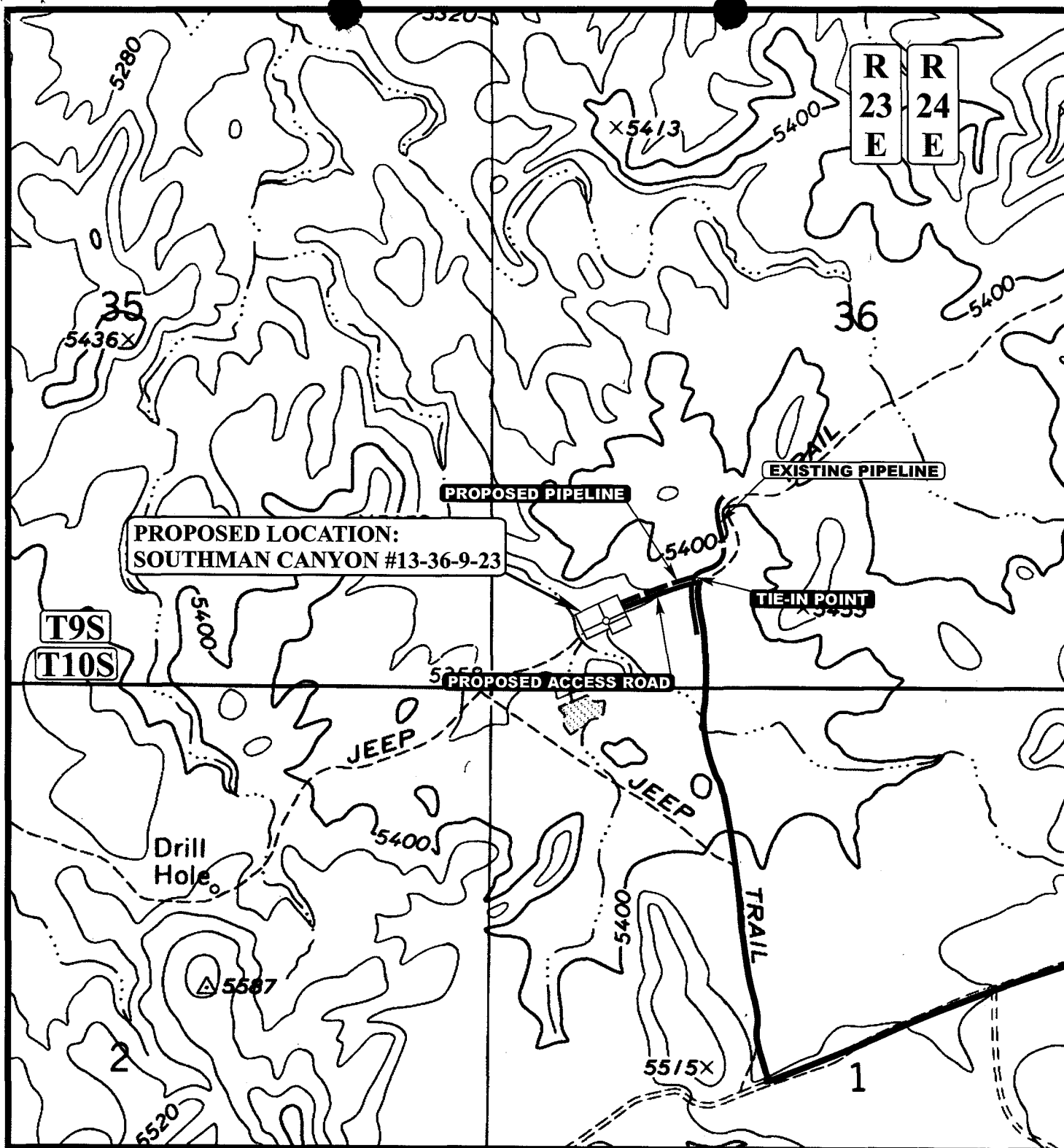


TOPOGRAPHIC
MAP

02 08 05
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 680' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

THE HOUSTON EXPLORATION COMPANY

SOUTHMAN CANYON #13-36-9-23
SECTION 36, T9S, R23E, S.L.B.&M.
467' FSL 823' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC MAP
02 08 05
MONTH DAY YEAR
SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00



004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/06/2005

API NO. ASSIGNED: 43-047-36532

WELL NAME: SOUTHMAN CYN 13-36-9-23

OPERATOR: HOUSTON EXPLORATION CO, (N2525)

CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SWSW 36 090S 230E

SURFACE: 0467 FSL 0823 FWL

BOTTOM: 0467 FSL 0823 FWL

UINTAH

NATURAL BUTTES (630)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47782

SURFACE OWNER: 3 - State

PROPOSED FORMATION: CSLGT

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	5/9/05
Geology		
Surface		

LATITUDE: 39.98644

LONGITUDE: -109.2812

RECEIVED AND/OR REVIEWED:

- ☒ Plat
- ☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104155044)
- ☒ Potash (Y/N)
- ☒ Oil Shale 190-5 (B) or 190-3 or 190-13
- ☒ Water Permit
(No. T-75376)
- ☒ RDCC Review (Y/N)
(Date: _____)
- ☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

 R649-2-3.

Unit _____

☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells R649-3-3. Exception Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

 R649-3-11. Directional Drill

COMMENTS:

Nudt Presib (04-19-05)

STIPULATIONS:

1- Spacing Strip2- STATEMENT OF BASIS3- 4 1/2" Prod String cnt. shall be brought back to 3200' min. to isolate BMSGW

DEVIL'S PLAYGROUND FIELD INACTIVE

T9S R23E

NATURAL BUTTES FIELD

T10S R23E

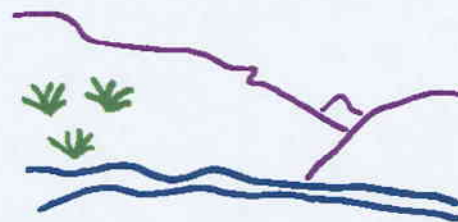
OPERATOR- THE HOUSTON EXPL CO (N2525)

SEC. 36 T.9S R.23E

FIELD: NATURAL BUTTES (630)

COUNTY: UTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

Wells

- * GAS INJECTION
- * GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⊕ PLUGGED & ABANDONED
- * PRODUCING GAS
- PRODUCING OIL
- * SHUT-IN GAS
- * SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ♢ WATER DISPOSAL

Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 08-APRIL-2005

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: THE HOUSTON EXPLORATION COMPANY

WELL NAME & NUMBER: SOUTHMAN CANYON 13-36-9-23

API NUMBER: 43-047-36532

LEASE: ML-47782 FIELD/UNIT: NATURAL BUTTES

LOCATION: 1/4, 1/4 SW/SW Sec: 36 TWP: 9S RNG: 23E 823' FWL 467' FSL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.

GPS COORD (UTM): 646756E 4427465N SURFACE OWNER: STATE OF UTAH

PARTICIPANTS

DAVID W. HACKFORD (DOGM). FLOYD BARTLETT (DWR). GINGER STRINGHAM (HOUSTON).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS ON A BROKEN PLAIN THAT SLOPES GENTLY TO THE NORTHWEST, AND IS MODERATELY RUGGED WITH RIDGES, BUTTES, AND MODERATELY DEEP, INCISED DRAINAGES. MOST OF THIS REGION DRAINS BY A SERIES OF DENDRITIC STREAMS WHICH FLOW WEST, THEN SOUTH TO THE WHITE RIVER. THIS SITE IS IN A VERY SHALLOW BASIN THAT SLOPES GRADUALLY TO THE NORTHWEST. THE IMMEDIATE AREA IS MODERATELY DISSECTED BY SHALLOW EROSIONAL CHANNELS THAT DRAIN TO THE NORTHWEST BEFORE TURNING TO THE WEST. THE WHITE RIVER IS TWO MILES TO THE SOUTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 345' BY 245'. ACCESS ROAD WILL BE 0.1 MILES.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE WILL FOLLOW ACCESS ROAD.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): UNLIKELY.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE

TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY
COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND
HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SAGE, GREASEWOOD, HORSEBRUSH, PRICKLY PEAR, SHADSCALE:
ANTELOPE, RODENTS, RAPTORS, SONGBIRDS, BOBCAT, COYOTE, RABBITS.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION.
SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION
SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED

RESERVE PIT

CHARACTERISTICS: 150' BY 75' AND 12' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL NOT BE
REQUIRED FOR RESERVE PIT.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WAS INSPECTED BY SAGEBRUSH
ARCHEOLOGICAL CONSULTANTS. A REPORT OF THIS INVESTIGATION WILL BE PLACED ON
FILE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A WARM, SUNNY DAY WITH NO
SNOW COVER.

ATTACHMENTS

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

4/19/05, 10:15 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 10 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: THE HOUSTON EXPLORATION COMPANY
WELL NAME & NUMBER: SOUTHMAN CANYON 13-36-9-23
API NUMBER: 43-047-36532
LOCATION: 1/4, 1/4 SW/SW Sec: 36 TWP: 9S RNG: 23E 823' FWL 467' FSL

Geology/Ground Water:

The Houston Ex. Co. proposes to set 2000 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 3,400 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this location is the Uinta Formation. The Uinta Formation is made up of discontinuous sands interbedded with shales and are not expected to produce prolific aquifers. The proposed surface casing should adequately protect any near surface aquifers.

Reviewer: Brad Hill **Date:** 04-21-05

Surface:

The predrill investigation of the surface was performed on 04/19/05. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 04/11/05. Mr. Bartlett was present. He had no concerns regarding the construction of this location or the drilling of the well. SITLA did not have a representative present. This site is on State surface, with State minerals, and appears to be the best site for a location in the immediate area. An existing two track road crosses this site. This road will be upgraded into the access road. A diversion ditch will be constructed around the north edge of location.

Reviewer: David W. Hackford **Date:** 04/21/2005

Conditions of Approval/Application for Permit to Drill:

None

Well name:

04-05 Houston Rock House 9-32-10-23Operator: **The Houston Exploration Company**String type: **Surface**

Project ID:

43-047-36532Location: **Uintah County****Design parameters:****Collapse**Mud weight: 8.400 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: Surface

BurstMax anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,749 ft

Non-directional string.

Re subsequent strings:Next setting depth: 8,165 ft
Next mud weight: 10.000 ppg
Next setting BHP: 4,242 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	8.625	36.00	J-55	ST&C	2000	2000	7.7	143.5

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	3450	3.954	2000	4460	2.23	63	434	6.89 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & MiningPhone: 801-538-5280
FAX: 810-359-3940Date: April 22, 2005
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	04-05 Houston Rock House 9-32-10-23	
Operator:	The Houston Exploration Company	Project ID:
String type:	Production	43-047-36532
Location:	Uintah County	

Design parameters:
Collapse

Mud weight: 10.000 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 179 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 4,354 ft

Burst

Max anticipated surface pressure: 3,262 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 4,242 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 6,944 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	8165	4.5	11.60	N-80	LT&C	8165	8165	3.875	189.3

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	4242	6350	1.497	4242	7780	1.83	81	223	2.77 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280
FAX: 810-359-3940

Date: April 22, 2005
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 8165 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Casing Schematic

Green River

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

1230 TOC Tail ✓ w/ 18% Washout

Surface
2000. MD

BHP

$$(0.052)(10)(8165) = 4245$$

Anticipate 3000

G_{es}

$$(0.12)(8165) = 980$$

$$MAWP = \frac{3000}{2020}$$

Fluid

$$(0.22)(8165) = 1796$$

$$MAWP = 2449$$

BOP - 3,000 ✓

Surf Csg - 4460

$$70\% = 3122$$

Max pressure @ shoe = 1635

Test To ~~2800~~ #

1600 # ✓

4-1/2"
MW 10.

TOC @
4354.

3400 BMSW

4096 Washout

✓ Strip
TOC ± 3400 protect
BMSW

5803 Masquerade

6313 TOC Tail

w/ 15% Washout
3402' TOC w/ 6% Washout

Production
8165. MD

✓ Adequate DAD 5/9/05

From: Ed Bonner
To: Whitney, Diana
Date: 4/28/2005 11:41:38 AM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Westport Oil & Gas Company

NBU 922-36C
NBU 922-36G
NBU 922-36H
NBU 922-36N
NBU 922-36O
NBU 921-33O

Enduring Resources, LLC

Agency Draw 12-21-31-36
Big Pack 12-21-22-2
Southam Canyon 10-25-21-32
Southam Canyon 9-25-22-32

EOG Resources, Inc

NBU 548-12E
Chapita Wells Unit 953-32
Chapita Wells Unit 957-32

The Houston Exploration Company

Southman Canyon 11-36-9-23
Southman Canyon 13-36-9-23

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 10, 2005

Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002

Re: Southman Canyon 13-36-9-23 Well, 467' FSL, 823' FWL, SW SW, Sec. 36,
T. 9 South, R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-36532.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Acting Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Houston Exploration Company
Well Name & Number Southman Canyon 13-36-9-23
API Number: 43-047-36532
Lease: ML-47782

Location: SW SW **Sec.** 36 **T.** 9 South **R.** 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

Page 2

API #43-047-36532

May 10, 2005

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
7. A 4 1/2" production string cement shall be brought back to 3200' minimum to isolate base moderately saline ground water.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

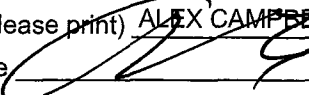
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Southman Canyon 13-36-9-23
API number:	4304736532
Location:	Qtr-Qtr: SWSW Section: 36 Township: 9S Range: 23E
Company that filed original application:	Houston Exploration Company
Date original permit was issued:	05/10/2005
Company that permit was issued to:	Houston Exploration Company

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		✓
<input type="checkbox"/> If so, has the surface agreement been updated?		✓
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0008031</u>	✓	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) ALEX CAMPBELL Title VICE PRESIDENT OF LAND
Signature  Date 09/19/2005
Representing (company name) ENDURING RESOURCES, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

RECEIVED

SEP 26 2005

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: The Houston Exploration Company <i>N2525</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (713) 830-6938		8. WELL NAME and NUMBER: See Attached List
4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT:
COUNTY: Uintah		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>Effective</u> <u>9/1/05</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE <u>9/1/05</u>	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Enduring Resources, LLC Operator #N 2750 Utah State Bond #RLB0008031
475 17th Street, Ste 1500
Denver, CO 80202

Contact : Frank Hutto 303-350-5102

Frank Hutto VP. OPS
Signature & Title
Date 9/19/05

NAME (PLEASE PRINT) Joanne Hresko TITLE Vice President/General Manager Onshore
SIGNATURE *Joanne Hresko* DATE 9/2/2005

(This space for State use only)

APPROVED 9/29/2005

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(Instructions on Reverse Side)

RECEIVED

SEP 26 2005

DIV. OF OIL, GAS & MINING

TRANSFER OF OPERATOR

NATURAL BUTTES FIELD, UINTAH COUNTY, UTAH
DRILLED WELLS, TO BE OPERATED BY ENDURING RESOURCES, LLC

API Well Number	Well Name	Well Status	Qtr/Qtr	Section	Township-Range	FNL/FSL	FEL/FWL	Latitude	Longitude
43047355550000	Bonanza #10D-18	SI	NWSE	18	9S-24E	1437 S	1800 E	40.03340	-109.25282
43047355510000	Bonanza #12D-12	Producing	NWSW	12	9S-23E	1556 S	867 W	40.04788	-109.28055
43047356930000	Bonanza #2D-27	Producing	NWNE	27	9S-24E	1064 N	1824 E	40.01123	-109.19600
43047359080000	Bonanza 10-11	Producing	NWSE	11	9S-23E	1991 S	1755 E	40.04866	-109.29035
43047356920000	Bonanza 10D-8	SI	NWSE	8	9S-24E	1510 S	1768 E	40.04789	-109.23383
43047355520000	Bonanza 1-11	Producing	NWNW	11	9S-23E	990 N	990 E	40.05431	-109.29891
43047359290000	Bonanza 12-20	Drlg	NWSW	20	9S-25E	1998 S	825 W	40.01947	-109.13150
43047-359210000	Bonanza 12A-18	Producing	NWSW	18	9S-24E	2067 S	813 W	40.03430	-109.26242
43047359090000	Bonanza 14-12	Evaluating	SESW	12	9S-23E	505 S	2001 W	40.04455	-109.27693
43047359940000	Bonanza 4-18	WOPL	NWNW	18	9S-24E	706 N	682 W	40.04119	-109.26288
43047-356220000	Bonanza 4D-16	Producing	NWNW	16	9S-24E	1152 N	1209 W	40.04000	-109.22349
43047358600000	Bonanza 6-36	Producing	SENW	36	9S-24E	2217 N	2009 W	39.99336	-109.16393
43047359120000	Bonanza 6B-8	Producing	SENW	8	9S-24E	2017 N	1878 W	40.05213	-109.24004
43047359200000	Bonanza 8D-7	Producing	SENE	7	9S-24E	1992 N	477 E	40.05220	-109.24845
43047359050000	Buck Canyon 15-24	P&A	SW/SE	24	12S-21E	700 S	2139 E	39.75386	-109.5134
43047348150000	Cartwright 2-35	TA	NWNE	35	9S-24E	858 N	2104 E	39.99733	-109.17882
43047332510000	East Bench 11-16	WOC	NESW	16	11S-22E	S S	1980 W	39.85889	-109.46172
43047347560000	Hoss 15	Producing	SWSE	20	9S-25E	1291 S	2088 E	40.01767	-109.12236
43047348140000	Little Joe 11-7	TA	NENE	7	9S-25E	710 N	644 E	40.05562	-109.13601
43047361500000	Rainbow 14-17	WOC	SESW	17	11S-24E	780 S	1726 W	39.85689	-109.25731
43047361840000	Rainbow 2-16	WOC	NWNE	16	11S-24E	837 N	2136 E	39.86708	-109.23348
43047353630000	Southman Canyon 10D-36	Producing	NWSE	36	9S-23E	1757 S	1650 E	39.98991	-109.27148
43047353640000	Southman Canyon 12D-36	Producing	NWSW	36	9S-23E	1518 S	1069 W	39.98977	-109.28040
43047357700000	Southman Canyon 14C-36	Producing	SESW	36	9S-23E	648 S	1717 W	39.98689	-109.27716
43047357720000	Southman Canyon 16C-36	Producing	SESE	36	9S-23E	542 S	736 E	39.98607	-109.26912
43047356910000	Southman Canyon 2D-30	Producing	NWNE	30	9S-24E	1171 N	1502 E	40.01111	-109.25269
43047353650000	Southman Canyon 2D-36	Producing	NWNE	36	9S-23E	960 N	1751 E	39.99711	-109.27228
43047353610000	Southman Canyon 4D-36	Producing	NWNW	36	9S-23E	1163 N	1137 W	39.99623	-109.28012
43047353620000	Southman Canyon 6D-36	Producing	SENW	36	9S-23E	2466 N	2271 W	39.99336	-109.27635
43047357710000	Southman Canyon 8C-36	Producing	SENE	36	9S-23E	2185 N	694 E	39.99358	-109.26783
43047355590000	Thurston Federal #12-1	Producing	SESW	12	12S-21E	692 S	1959 W	39.78280	-109.51768

TRANSFER OF OPERATOR BLM APPROVED WELLS #2

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Asphalt Wash 19-7	SW/SW	7	11S	24E	UTU-73919	739' FSL & 629' FWL	43-047-36234
Bonanza 16-18	SE/SE	18	9S	24E	UTU-73457	861' FSL & 715' FEL	43-047-35992
Bonanza 4-11	NW/NW	11	9S	23E	UTU-74426	671' FNL & 729' FWL	43-047-35968
Bonanza 10D-12	NW/SE	12	9S	23E	UTU-74426	1,785' FSL & 1,855' FEL	43-047-35919
Bonanza 12-11	NW/SW	11	9S	23E	UTU-74426	1748' FSL & 420' FWL	43-047-35916
Bonanza 14-18	SE/SW	18	9S	24E	UTU-73457	472' FSL & 2,010' FWL	43-047-35993
Bonanza 14A-8	SE/SW	8	9S	24E	UTU-73457	907' FSL & 2,298' FWL	43-047-35952
Bonanza 16A-27	SE/SE	27	9S	24E	UTU-80571	862' FSL & 581' FEL	43-047-35923
Bonanza 2-21	NW/NE	21	8S	25E	UTU-73470	1,207' FNL & 1,541' FEL	43-047-35926
Bonanza 3-8	NW/NW	8	9S	24E	UTU-73457	573' FNL & 1,518' FWL	43-047-35966
Bonanza 6D-7	SE NW	7	9S	24E	UTU-73457	2,310' FNL & 2,310' FWL	43-047-35690
Bonanza 8-11	SE/NE	11	9S	23E	UTU-74426	2,163 FNL & 615' FEL	43-047-35907
Bonanza 8B-27	SE/NE	27	9S	24E	UTU-80571	1,830' FNL & 735' FEL	43-047-35923
Buck Camp 4-25	NW/NW	25	11S	22E	UTU-74424	804 FNL & 695 FWL	43-047-36276
Buck Camp 4-26	NW/NW	26	11S	22E	UTU-74974	660' FNL & 660' FWL	43-047-36274
Buck Canyon 1-24	NE/NE	24	12S	21E	UTU-73440	488' FNL & 833' FEL	43-047-35606
Buck Canyon 15-24	SW/SE	24	12S	21E	UTU-73440	700' FSL & 2,139' FEL	43-047-35905
Buck Canyon 7-24	SW/NE	24	12S	21E	UTU-73440	2,041' FNL & 2,171' FEL	43-047-35904
Buck Canyon 9-24	NE/SE	24	12S	21E	UTU-73440	1784' FSL & 855' FEL	43-047-35903
Rainbow 1-17	NE/NE	17	11S	24E	UTU-73920	795' FNL & 586' FEL	43-047-36151
Southman Canyon #14-30	SE/SW	30	9S	24E	UTU-80571	740' FSL & 1,737' FWL	43-047-35914
Southman Canyon #4C-30	NW/NW	30	9S	24E	UTU-80571	676' FNL & 568' FWL	43-047-35913
Southman Canyon 12-30	NW/SW	30	9S	24E	UTU-80571	1,912' FSL & 513' FWL	43-047-36104
Southman Canyon 8-30	SE/NE	30	9S	24E	UTU-80571	1,875' FNL & 818' FEL	43-047-35994
Southman Canyon 9-30	NE/SE	30	9S	24E	UTU-80571	2,089' FSL & 831' FEL	43-047-36019

*43047-35906

• 43047-35953

TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

43

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Asphalt Wash 11-16-11-24	NESW	16	11S	24E	ML-73921	2000 FSL & 1900 FWL	43-047-37088	Undesignated	Gas
Asphalt Wash 12-16-11-24	NWSW	16	11S	24E	ML-47080	2060 FSL & 839 FWL	43-047-36873	Undesignated	Gas
Asphalt Wash 14-16-11-24	SESW	16	11S	24E	ML-47080	537 FSL & 2140 FWL	43-047-36876	Undesignated	Gas
Asphalt Wash 3-16-11-24	NENW	16	11S	24E	ML-47080	825 FNL & 2116 FWL	43-047-36886	Undesignated	Gas
Asphalt Wash 4-16-11-24	NWNW	16	11S	24E	ML-47080	521 FNL & 766 FWL	43-047-36885	Undesignated	Gas
Asphalt Wash 5-16-11-24	SWNW	16	11S	24E	ML-47080	1880 FNL & 630 FWL	43-047-37089	Undesignated	Gas
Asphalt Wash 7-16-11-24	SWNE	16	11S	24E	ML-47080	1781 FNL & 1676 FEL	43-047-36874	Undesignated	Gas
Asphalt Wash 8-16-11-24	SENE	16	11S	24E	ML-47080	1905 FNL & 642 FEL	43-047-36875	Undesignated	Gas
Bonanza 14-20	SESW	20	9S	25E	ML-45558	838' FSL & 1,922' FWL	43-047-35930	Chapita Wells	Gas
Bonanza 4-20	NWNW	20	9S	25E	ML-45558	933' FNL & 583 FWL	43-047-35924	Chapita Wells	Gas
Bonanza 4-29	NWNW	29	9S	25E	ML-45559	600' FNL & 596' FWL	43-047-36010	Chapita Wells	Gas
Bonanza 4-36	NWNW	36	9S	24E	ML-46527	258' FNL & 862' FWL	43-047-35861	Natural Buttes	Gas
Bonanza 6-20	SENE	20	9S	25E	ML-45558	2,178' FNL & 1,839' FWL	43-047-35928	Chapita Wells	Gas
Buck Canyon 9-16-12-21	NESE	16	12S	21E	ML-47085	1980' FSL & 660' FEL	43-047-37091	Buck Canyon	Gas
Buck Canyon 11-16-12-21	NESW	16	12S	21W	ML-47085	NA	43-047-37119	Undesignated	Gas
Buck Canyon 13-16-12-21	SWSW	16	21S	21W	ML-47085	NA	43-047-37118	Undesignated	Gas
Buck Canyon 15-16-12-21	SWSE	16	12S	21W	ML-47085	NA	43-047-37120	Buck Canyon	Gas
East Bench 1-16	NENE	16	11S	22E	ML-46911	660' FNL & 660' FEL	43-047-36126	Undesignated	Gas
East Bench 15-16	SWSE	16	11S	22E	ML-46911	545' FSL & 1,848' FEL	43-047-36128	Undesignated	Gas
East Bench 3-16	NENW	16	11S	22E	ML-46911	832' FNL & 1,978' FWL	43-047-36125	Undesignated	Gas
East Bench 7-16	SWNE	16	11S	22E	ML-46911	1,909' FNL & 1,643' FEL	43-047-36127	Undesignated	Gas
East Bench 12-16-11-22	NWSW	16	11S	22E	ML-46911	1862 FSL & 838 FEL	43-047-37128	Undesignated	Gas
East Bench 13-16-11-22	SWSW	16	11S	22E	ML-46911	880 FSL & 750 FWL	43-047-37130	Undesignated	Gas
East Bench 14-16-11-22	SESW	16	11S	22E	ML-46911	848 FSL & 1930 FWL	43-047-37122	Undesignated	Gas
East Bench 16-16-11-22	SESE	16	11S	22E	ML-46911	663 FSL & 1055 FEL	43-047-37121	Undesignated	Gas
East Bench 2-16-11-22	NWNE	16	11S	22E	ML-46911	705 FNL & 2077 FEL	43-047-37125	Undesignated	Gas
East Bench 4-16-11-22	NWNW	16	11S	22E	ML-46911	760 FNL & 860 FWL	43-047-37126	Undesignated	Gas
East Bench 5-16-11-22	SWNW	16	11S	22E	ML-46911	1980 FNL & 758 FWL	43-047-37129	Undesignated	Gas
East Bench 6-16-11-22	SENE	16	11S	22E	ML-46911	1887 FNL & 2138 FWL	43-047-37124	Undesignated	Gas
East Bench 8-16-11-22	SENE	16	11S	22E	ML-46911	1880 FNL & 780 FEL	43-047-37127	Undesignated	Gas
East Bench 9-16-11-22	NESE	16	11S	22E	ML-46911	2035 FSL & 1422 FEL	43-047-37123	Undesignated	Gas
Gusher 6-2	SENE	2	6S	19E	ML-49144	1550 FNL & 1825 FWL	43-047-36963	Moffit Canal	Oil
Hanging Rock 1-32	NENE	32	11S	23E	ML-47079	542' FNL & 690' FEL	43-047-36309	Undesignated	Gas
Little Pack Mountain 1-16	NWNW	16	12S	20E	ML-47082	609 FNL & 688 FEL	43-047-36981	Wildcat	Gas
Little Pack Mountain 7-32	SWNE	32	12S	20E	ML-47083	1792 FNL & 1797 FEL	43-047-36980	Wildcat	Gas
Rock House 12-36-10-23	NWSW	36	10S	23E	ML-47907	1844 FSL & 755 FWL	43-047-36534	Natural Buttes	Gas
Rock House 13-32-10-23	SWSW	32	10S	23E	ML-47063	564 FSL & 471 FWL	43-047-36411	Natural Buttes	Gas
Rock House 1-36-10-22	NENE	36	10S	22E	ML-47061	620 FNL & 850 FEL	43-047-36408	Natural Buttes	Gas
Rock House 3-36-10-22	NENW	36	10S	22E	ML-47061	934 FNL & 1783 FWL	43-047-36407	Natural Buttes	Gas
Rock House 4-32-10-23	SWNW	32	10S	23E	ML-47063	1406 FNL & 562 FWL	43-047-36412	Natural Buttes	Gas
Rock House 7-36-10-22	SWNE	36	10S	22E	ML-47061	2209 FNL & 2445 FEL	43-047-36409	Natural Buttes	Gas
Rock House 9-32-10-23	NESE	32	10S	23E	ML-47063	2008 FSL & 1042 FEL	43-047-36337	Natural Buttes	Gas
Rockhouse #13-36	SWSW	36	10S	22E	ML-46907	486 FSL & 844' FWL	43-047-35902	Natural Buttes	Gas
Rockhouse 16-2	SESE	2	11S	23E	ML-47078	909' FSL & 748' FEL	43-047-36152	Rockhouse	Gas
Seep Springs 10-13-12-24	NWSE	13	12S	24E	ML-49275	1950 FSL & 1802 FEL	43-047-36634	Undesignated	Gas
Seep Springs 1-13-12-24	NENE	13	12S	24E	ML-49275	753 FNL & 487 FEL	43-047-36628	Undesignated	Gas
Seep Springs 15-11-12-24	SWSE	11	12S	24E	ML-49274	829 FSL & 2178 FEL	43-047-36626	Undesignated	Gas
Seep Springs 15-13-12-24	SWSE	13	12S	24E	ML-49275	622 FSL & 1806 FEL	43-047-36630	Undesignated	Gas
Seep Springs 16-11-12-24	SESE	11	12S	24E	ML-49274	659 FSL & 466 FEL	43-047-36625	Undesignated	Gas
Seep Springs 16-13-12-24	SESE	13	12S	24E	ML-49275	686 FSL & 640 FEL	43-047-36629	Undesignated	Gas
Seep Springs 2-13-12-24	NWNE	13	12S	24E	ML-49275	465 FNL & 1807 FEL	43-047-36627	Undesignated	Gas
Seep Springs 7-13-12-24	SWNE	13	12S	24E	ML-49275	FNL & FEL	43-047-36631	Undesignated	Gas
Seep Springs 8-13-12-24	SENE	13	12S	24E	ML-49275	1969 FNL & 642 FEL	43-047-36632	Undesignated	Gas
Seep Springs 9-13-12-24	NESE	13	12S	24E	ML-49275	663 FSL & 1960 FEL	43-047-36633	Undesignated	Gas
Southman Canyon 11-36-9-23	NESW	36	9S	23E	ML-47782	1965 FSL & 1953 FWL	43-047-36535	Natural Buttes	Gas
Southman Canyon 13-36-9-23	SWSW	36	9S	23E	ML-47782	467 FSL & 823 FWL	43-047-36532	Natural Buttes	Gas

TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Southman Canyon 1-36-9-23	NENE	36	9S	23E	ML-47782	681 FNL & 496 FEL	43-047-36537	Natural Buttes	Gas
Southman Canyon 15-36-9-23	SWSE	36	9S	23E	ML-47782	529 FSL & 1784 FEL	43-047-36529	Natural Buttes	Gas
Southman Canyon 3-36-9-23	NENW	36	9S	23E	ML-47782	464 FNL & 1815 FWL	43-047-36530	Natural Buttes	Gas
Southman Canyon 5-36-9-23	SWNW	36	9S	23E	ML-47782	2028 FNL & 499 FWL	43-047-36531	Natural Buttes	Gas
Southman Canyon 7-36-9-23	SENE	36	9S	23E	ML-47782	2184 FNL & 1994 FEL	43-047-36536	Natural Buttes	Gas
Southman Canyon 9-36-9-23	NESE	36	9S	23E	ML-47782	1978 FNL & 657 FEL	43-047-36533	Natural Buttes	Gas

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Asphalt Wash 13-6	SW/SW	6	11S	24E	UTU-73919	400' FSL & 550' FWL	
Asphalt Wash 10-9-11-24	NW SE	9	11S	24E	UTU-73920	1846 FSL & 1942 FEL	43-047-37071
Asphalt Wash 11-9-11-24	NE SW	9	11S	24E	UTU-73920	1799 FSL & 1782 FWL	43-047-37073
Asphalt Wash 12-6-11-24	NW SW	6	11S	24E	UTU-73919	1844 FSL & 683 FWL	43-047-37066
Asphalt Wash 14-6-11-24	SE SW	6	11S	24E	UTU-73919	704 FSL & 2123 FWL	43-047-37067
Asphalt Wash 14-9-11-24	SE SW	9	11S	24E	UTU-73920	460 FSL & 2115 FWL	43-047-37076
Asphalt Wash 15-9-11-24	SW SE	9	11S	24E	UTU-73920	804 FSL & 1990 FEL	43-047-37074
Asphalt Wash 16-9-11-24	SE SE	9	11S	24E	UTU-73920	826 FSL & 472 FEL	43-047-37075
Asphalt Wash 2-6-11-24	NW NE	6	11S	24E	UTU-73919	735 FNL & 1590 FEL	43-047-37061
Asphalt Wash 2-7-11-24	NW NE	7	11S	24E	UTU-73919	621 FNL & 2462 FEL	43-047-37068
Asphalt Wash 2-9-11-24	NW NE	9	11S	24E	UTU-73920	829 FNL & 1774 FEL	43-047-37070
Asphalt Wash 3-6-11-24	NE NW	6	11S	24E	UTU-73919	792 FNL & 1925 FWL	43-047-37062
Asphalt Wash 4-6-11-24	NW NW	6	11S	24E	UTU-73919	820 FNL & 1007 FWL	43-047-37063
Asphalt Wash 5-6-11-24	SW NW	6	11S	24E	UTU-73919	1738 FNL & 716 FWL	43-047-37064
Asphalt Wash 6-7-11-24	SE NW	7	11S	24E	UTU-73919	2013 FNL & 2241 FWL	43-047-37069
Asphalt Wash 7-6-11-24	SW NE	6	11S	24E	UTU-73919	1616 FNL & 1615 FEL	43-047-37065
Asphalt Wash 7-9-11-24	SE NE	9	11S	24E	UTU-73920	1883 FNL & 1854 FEL	43-047-37072
Asphalt Wash 1-7-11-24	NE NE	7	11S	24E	UTU-73919	426 FNL & 270 FEL	43-047-37084
Asphalt Wash 4-7-11-24	NW NW	7	11S	24E	UTU-73919	856 FNL & 860 FWL	43-047-37085
Asphalt Wash 7-7-11-24	SW NE	7	11S	24E	UTU-73919	1909 FNL & 1893 FEL	43-047-37087
Asphalt Wash 8-7-11-24	SE NE	7	11S	24E	UTU-73919	1998 FNL & 683 FEL	43-047-37086
Bonanza 4-7	NW/NW	7	9S	24E	UTU-73457	809' FNL & 670' FWL	43-047-36017
Bonanza 8-17	SW/NE	17	9S	24E	UTU-73457	1865' FNL & 584' FEL	43-047-36041
Bonanza 11-11-9-23	NE SW	11	9S	23E	UTU-74426	2036 FSL & 2043 FWL	43-047-36649
Bonanza 11-12-9-23	NE SW	12	9S	23E	UTU-74426	1799 FSL & 1948 FWL	43-047-36655
Bonanza 11-18-9-24	NE SW	18	9S	24E	UTU-73457	1785 FSL & 2133 FWL	43-047-36637
Bonanza 12-23-9-24	NW/SW	23	9S	24E	UTU-81311	1882 FSL & 699 FWL	43-047-36640
Bonanza 12-35	NW/SW	35	9S	24E	UTU 73459	1374' FSL & 858' FWL	43-047-36020
Bonanza 13-11-9-23	SW SW	11	9S	23E	UTU-74426	463 FSL & 773 FWL	43-047-36650
Bonanza 13-12-9-23	SW SW	12	9S	23E	UTU-74426	661 FSL & 656 FWL	43-047-36528
Bonanza 13-18-9-24	SW SW	18	9S	24E	UTU-73457	767 FSL & 583 FWL	43-047-36638
Bonanza 14-11-9-23	SE SW	11	9S	23E	UTU-74426	756 FSL & 1859 FWL	43-047-36651
Bonanza 14-23-9-24	SE/SW	23	9S	24E	UTU-81311	560 FSL & 1878 FWL	43-047-36641
Bonanza 15-11-9-23	SW SE	11	9S	23E	UTU-74426	660 FSL & 1980 FEL	43-047-36652
Bonanza 15-12-9-23	SW SE	12	9S	23E	UTU-74426	607 FSL & 1920 FEL	43-047-36656
Bonanza 15-18-9-24	SW SE	18	9S	24E'	UTU-73457	463 FSL & 2162 FEL	43-047-36639
Bonanza 16-12-9-23	SE SE	12	9S	23E	UTU-74426	855 FSL & 536 FEL	43-047-36657
Bonanza 16-8	SE/SE	8	9S	24E	UTU-73457	588' FSL & 524' FEL	43-047-36101
Bonanza 2-11-9-23	NW NE	11	9S	23E	UTU 74426	664 FNL & 1925 FEL	43-047-36643
Bonanza 2-12-9-23	NW NE	12	9S	23E	UTU-74426	743 FNL & 1962 FEL	43-047-36527
Bonanza 3-11-9-23	NE NW	11	9S	23E	UTU 74426	499 FNL & 1898 FWL	43-047-36644
Bonanza 3-12-9-23	NE NW	12	9S	23E	UTU-74426	734 FNL & 1866 FWL	43-047-36524
Bonanza 4-35	NW/NW	35	9S	24E	UTU 73459	789' FNL & 807' FWL	43-047-35925
Bonanza 5-11-9-23	SW NW	11	9S	23E	UTU 74426	1794 FNL & 609 FWL	43-047-36645

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Bonanza 5-12-9-23	SW NW	12	9S	23E	UTU-74426	1996 FNL & 558 FWL	43-047-36526
Bonanza 5-18-9-24	SW NW	18	9S	24E	UTU-73457	2147 FNL & 662 FWL	43-047-36635
Bonanza 5-22	SW/NW	22	8S	25E	UTU-73470	1,932' FNL & 415' FWL	43-047-35918
Bonanza 5-24-9-24	SW/NW	24	9S	24E	UTU-73458	2167 FNL & 714 FWL	43-047-36642
Bonanza 6-11-9-23	SE NW	11	9S	23E	UTU-74426	2069 FNL & 1801 FWL	43-047-36646
Bonanza 6-12-9-23	SE NW	12	9S	23E	UTU-74426	2114 FNL & 1871 FWL	43-047-36525
Bonanza 7-11-9-23	SW NE	11	9S	23E	UTU-74426	2060 FNL & 2134 FEL	43-047-36647
Bonanza 7-12-9-23	SW NE	12	9S	23E	UTU-74426	2065 FNL & 2159 FEL	43-047-36653
Bonanza 8-35	SENE	35	9S	24E	UTU-73459	1987' FNL & 909' FEL	43-047-36105
Bonanza 9-11-9-23	NE SE	11	9S	23E	UTU-74426	2008 FSL & 553 FEL	43-047-36648
Bonanza 9-12-9-23	NE SE	12	9S	23E	UTU-74426	1980 FSL & 660 FEL	43-047-36654
Bonanza 9-18-9-24	NE SE	18	9S	24E	UTU-73457	2009 FSL & 852 FEL	43-047-36636
Bonanza 9-22	NE/SE	22	9S	24E	UTU-75118	1,969' FSL & 495' FEL	43-047-36102
East Bench 9-20	NE/SE	20	11S	22E	UTU-73905	2,170' FSL & 472' FEL	43-047-36275
Rock House 12-30-10-23	NE SW	30	10S	23E	UTU-76281	2320 FSL & 1980 FWL	43-047-36548
Rock House 12-31-10-23	NW SW	31	10S	23E	UTU-76281	1900 FSL & 460 FWL	43-047-36552
Rock House 13-30-10-23	SW SW	30	10S	23E	UTU-76281	553 FSL & 573 FWL	43-047-36549
Rock House 14-31-10-23	SE SW	31	10S	23E	UTU-76281	860 FSL & 1890 FWL	43-047-36553
Rock House 3-31-10-23	NE NW	31	10S	23E	UTU-76281	854 FNL & 1940 FWL	43-047-36551
Rock House 5-30-10-23	SW NW	30	10S	23E	UTU-76281	1858 FNL & 703 FWL	43-047-36547
Rock House 5-31-10-23	SW NW	31	10S	23E	UTU-76281	2055 FNL & 2097 FWL	43-047-36550
Rock House 6-31-10-23	SE NW	31	10S	23E	UTU-76281	2059 FNL & 2111 FWL	43-047-36554
Rockhouse #12-30	NW/SW	30	10S	23E	UTU-80571	1,980' FSL & 660' FWL	43-047-36018 x
Rockhouse 13C-31	SW/SW	31	10S	23E	UTU-76281	135' FSL & 365' FWL	43-047-35911
Rockhouse 4D-30	NW NW	30	10S	23E	UTU-76281	1,116 FNL & 1,135' FWL	43-047-35882
Rockhouse 4D-31	NW NW	31	10S	23E	UTU-76281	990' FNL & 990' FWL	43-047-35807
Southman Canyon 12-3-11-24	NW/SW	3	11S	24E	UTU-73918	1,950' FSL & 514' FWL	43-047-36272
Southman Canyon 12-30-10-24	NW/SW	30	10S	24E	UTU-65371	2,118' FSL & 502' FWL	43-047-36238
Southman Canyon 13-30	SW/SW	30	9S	24E	UTU-80571	765' FSL & 303' FWL	43-047-36018
Southman Canyon 16-31-10-24	SE/SE	31	10S	24E	UTU-65371	621' FSL & 575' FEL	43-047-36270
Southman Canyon 4-30-10-24	NW/NW	30	10S	24E	UTU 65371	649' FNL & 607' FWL	43-047-36237
Southman Canyon 5-19-10-24	SW/NW	19	10S	24E	UTU-65371	1,978' FNL & 855' FWL	43-047-36236
Southman Canyon 6-30	SE/NW	30	9S	24E	UTU-80571	2,015' FNL & 2,581' FWL	43-047-36103

x Duplicate API -
Different well name

OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
2. CDW

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

9/1/2005

FROM: (Old Operator):

N2525-The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002

Phone: 1-(713) 830-6938

TO: (New Operator):

N2750-Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, CO 80202

Phone: 1-(303) 350-5102

CA No.

Unit:

WELL(S)

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
SOUTHMAN CYN 5-36-9-23	36	090S	230E	4304736531		State	GW	APD	C
SOUTHMAN CYN 13-36-9-23	36	090S	230E	4304736532		State	GW	APD	C
SOUTHMAN CYN 9-36-9-23	36	090S	230E	4304736533		State	GW	APD	C
SOUTHMAN CYN 11-36-9-23	36	090S	230E	4304736535		State	GW	APD	C
SOUTHMAN CYN 7-36-9-23	36	090S	230E	4304736536		State	GW	APD	C
SOUTHMAN CYN 1-36-9-23	36	090S	230E	4304736537		State	GW	APD	C
ROCK HOUSE 12-36-10-22	36	100S	220E	4304736534		State	GW	APD	C
ASPHALT WASH 12-16-11-24	16	110S	240E	4304736873		State	GW	APD	C
ASPHALT WASH 7-16-11-24	16	110S	240E	4304736874		State	GW	APD	C
ASPHALT WASH 8-16-11-24	16	110S	240E	4304736875		State	GW	APD	C
ASPHALT WASH 14-16-11-24	16	110S	240E	4304736876		State	GW	APD	C
ASPHALT WASH 4-16-11-24	16	110S	240E	4304736885		State	GW	APD	C
SEEP SPRINGS 16-11-12-24	11	120S	240E	4304736625		State	GW	APD	C
SEEP SPRINGS 15-11-12-24	11	120S	240E	4304736626		State	GW	APD	C
SEEP SPRINGS 2-13-12-24	13	120S	240E	4304736627		State	GW	APD	C
SEEP SPRINGS 1-13-12-24	13	120S	240E	4304736628		State	GW	APD	C
SEEP SPRINGS 16-13-12-24	13	120S	240E	4304736629		State	GW	APD	C
SEEP SPRINGS 15-13-12-24	13	120S	240E	4304736630		State	GW	APD	C
SEEP SPRINGS 7-13-12-24	13	120S	240E	4304736631		State	GW	APD	C
SEEP SPRINGS 8-13-12-24	13	120S	240E	4304736632		State	GW	APD	C
SEEP SPRINGS 9-13-12-24	13	120S	240E	4304736633		State	GW	APD	C
SEEP SPRINGS 10-13-12-24	13	120S	240E	4304736634		State	GW	APD	C

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/26/20052. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/26/20053. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/29/20054. Is the new operator registered in the State of Utah: YES Business Number: 5771233-01615. If **NO**, the operator was contacted on: _____

6a. (R649-9-2) Waste Management Plan has been received on: _____

Requested 9/29/05

6b. Inspections of LA PA state/fee well sites complete on: _____

n/a

6c. Reports current for Production/Disposition & Sundries on: 9/29/2005

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: not yet

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 9/29/2005
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/29/2005
3. Bond information entered in RBDMS on: 9/30/2005
4. Fee/State wells attached to bond in RBDMS on: 9/30/2005
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/26/2005

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000173

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0008031

2. The **FORMER** operator has requested a release of liability from their bond on: n/a
The Division sent response by letter on:

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: ENDURING RESOURCES LLC

Well Name: SOUTHMAN CYN 13-36-9-23

Api No: 43-047-36532 Lease Type: STATE

Section 36 Township 09S Range 23E County UINTAH

Drilling Contractor PETE MARTIN'S RIG # BUCKET

SPUDDED:

Date 10/16/05

Time 8:00 AM

How DRY

Drilling will Commence: _____

Reported by DOUG HAMMOND

Telephone # 1-435-790-6996

Date 10/17/05 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: ENDURING RESOURCES
The Houston Exploration Company Operator Account Number: N 2750
1400 Louisiana, Ste 2000 475 17th St #1500
Address: city Houston Denver
state TX CO zip 77002 80202 Phone Number: (303) 350-5114

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736532	Southman Canyon 13-36-9-23	SWSW	36	9S	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14990	10/14/2005	10/20/05		
Comments: <u>CSLGT = MVRD</u>						
CONFIDENTIAL J						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Alvin R. (Al) Arlian

Name (Please Print)

Signature

Agent

Title

hardman

10/17/2005

Date

RECEIVED**OCT 1 / 2005**

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>CONFIDENTIAL</u>	5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47782
2. NAME OF OPERATOR: Enduring Resources, LLC	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 475 17th Street, Ste 1500 CITY Denver STATE CO ZIP 80202	7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 467' FSL - 823' FWL	8. WELL NAME and NUMBER: Southman Canyon #13-36-9-23
PHONE NUMBER: (303) 350-5114	9. API NUMBER: 4304736532
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 36 9S 23E S	10. FIELD AND POOL, OR WILDCAT: Natural Buttes

COUNTY: Uintah

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 10/22/2005	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Conductor & Surface Casing Report
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

10-17-05 MI PETE MARTIN RATHOLE SERVICE AND DRILL 40 FT OF 20" HOLE. RUN 40 FT OF 14" CONDUCTOR AND CEMENT WITH 3 YARDS OF READYMIX CEMENT.

10-18-05 to 10-22-05 DRILLING SURFACE HOLE TO 1990 FT. TOOH LAYING DOWN DRILL PIPE. RIH WITH 1951 FT OF 8 5/8" 24 AND 32# J55 SURFACE CASING. RU BIG 4 CEMENTERS AND PUMP 130 BBLS WATER, 20 BBLS GEL WATER (LEAD) 225 SX CLASS G 16% GEL 1/4# FLOCELE, 11.1 PPG, YIELD 3.82 CUFT/SX, 23 GAL/SX MIX WATER 153 BBLS SLURRY. (TAIL) 300 SX CLASS G 2% CACL2, 1/4#/SX FLOWCELE, 15.8 PPG, YIELD 1.15 1.15 CUFT/SX, 5 GAL/SX MIX WATER, 61 BBLS SLURRY. CEMENT DID NOT COME TO SURFACE SURFACE
1ST TOP CEMENT 225 SX CLASS G 4% CACL2(SAME DATA AS TAIL) 46 BBLS SLURRY
2ND TOP CEMENT 120 SX CLASS G 4% CACL2, 25 BBLS SLURRY
3RD TOP CEMENT 200 SX CLASS G 4% CACL2, 41 BBLS SLURRY
4TH TOP CEMENT 300 SX CLASS G 4% CACL2, 61 BBLS SLURRY
5TH TOP CEMENT 200 SX CLASS G 4% CACL2, 41 BBLS SLURRY, CEMENT TO SURFACE.

10-22-05 WAITING ON ROTARY TOOLS.

NAME (PLEASE PRINT) Alvin R. (Al) Arlian	TITLE Landman - Regulatory Specialist
SIGNATURE 	DATE 10/25/2005

(This space for State use only)

RECEIVED
NOV 01 2005
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47782
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 467' FSL & 823' FWL		8. WELL NAME and NUMBER: Southman Canyon 13-36-9-23
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 36 9S 23E S		9. API NUMBER: 4304736532
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT:
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change well name and number</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

CHANGE WELL NAME AND NUMBER:

FROM: Southman Canyon 13-36-9-23
TO: Southman Canyon 9-23-14-36

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>11/10/2005</u>

(This space for State use only)

RECEIVED
NOV 14 2005
DIV. OF OIL, GAS & MINING

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

RECEIVED
JAN 13 2006
DIV. OF OIL, GAS & MIN.

January 9, 2006

CONFIDENTIAL

State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Well Logs 9-23-14-36
Southman Canyon 13-36-9-23
Uintah County, Utah

T 095 R 23E S-36
API # 43-042-36532

Ladies and Gentlemen:

Attached is one original copy of the logs run on the two above-referenced wells.

Please hold this information as "confidential" as long as permitted.

Should you have any questions concerning this matter, please do not hesitate to call 303-350-5114 (aarlian@enduringresources.com).

Very truly yours

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Landmen – Regulatory Specialist

ara/
Enclosures as stated:

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

CONFIDENTIAL

January 20, 2006

State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Well Logs
Southman Canyon 9-23-14-36 (fka Southman Canyon 13-36-9-23)
API #43-047-36532 *T-09S R23E S-36*
Uintah County, Utah

Ladies and Gentlemen:

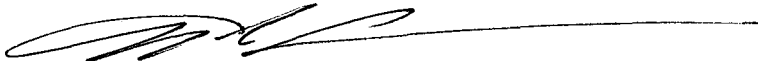
Attached is one original copy of the logs run on the above-referenced well.

Please hold this information as "confidential" as long as permitted.

Should you have any questions concerning this matter, please do not hesitate to call 303-350-5114 (aarlian@enduringresources.com).

Very truly yours

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Landman – Regulatory Specialist

ara/
Enclosures as stated:

RECEIVED

JAN 23 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Enduring Resources, LLC

3. ADDRESS OF OPERATOR:
475 17th Street, Ste 1500 CITY Denver STATE CO ZIP 80202

PHONE NUMBER:
(303) 350-5114

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 467' FSL - 823' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 36 9S 23E S

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47782

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
N/A

7. UNIT or CA AGREEMENT NAME:
N/A

8. WELL NAME and NUMBER: 9-23-14-36
Southman Canyon #13-36-9-23

9. API NUMBER:
4304736532

10. FIELD AND POOL, OR WILDCAT:
Natural Buttes

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 1/25/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" type="checkbox"/> CHANGE WELL STATUS	<input checked="" type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: NOTICE OF FIRST SALES
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Southman Canyon 9-23-14-36 had first sales at 11:00 AM on January 25, 2006. The well is flowing at a rate of 600 to 700 MCFD at 1700# FCP on a 16/64" choke with 13 to 14 BFPH. This well is still recovering frac fluid.

COMPLETION REPORT TO FOLLOW.

NAME (PLEASE PRINT) Alvin R. (Al) Arlian

TITLE Landman - Regulatory Specialist

SIGNATURE

DATE 1/26/2006

(This space for State use only)

RECEIVED

JAN 30 2006

DIV. OF OIL, GAS & MINING